

Decision 06-10-017 October 5, 2006

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of Network Service Billing, Inc.  
(U-6965-C) for Authority to Transfer Control to  
Peter A. Lagergren.

Application 06-06-019  
(Filed June 20, 2006)

**OPINION AUTHORIZING TRANSFER OF OWNERSHIP  
AND CONTROL OF NETWORK SERVICE BILLING, INC.**

**Summary**

This decision grants the application of Network Service Billing, Inc. (NSB) and Peter A. Lagergren (Lagergren) (together “Applicants”) for approval of a transaction in which Lagergren will acquire 100% of the ownership of NSB, pursuant to Pub. Util. Code §§ 852 and 854.<sup>1</sup>

**Parties to the Transaction**

NSB is a privately-held Nevada corporation with its principal business office located in Las Vegas, Nevada. NSB holds a certificate of public convenience and necessity (CPCN) to provide resold interexchange services in California.<sup>2</sup>

Lagergren is an individual whose principal offices are located in Las Vegas, Nevada.

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<sup>1</sup> All Code references are to the Public Utilities Code, unless otherwise stated.

<sup>2</sup> See Decision (D.) 05-07-048.

### **Proposed Transaction**

Under this transaction, Lagergren will purchase 100% of the stock of NSB from its current owner, Boyan Josic, an individual residing in Michigan, for the price of \$100,000. The application states that Lagergren is purchasing the shares as an investment and has no present plans to sell, distribute, transfer, assign, pledge, encumber, or otherwise dispose of the stock.

NSB will continue to hold its CPCN to provide resold interexchange telecommunications services in California.

Applicants represent that this change in ownership will benefit NSB and its customers, because it will give NSB access to additional capital and the telecommunications and management experience of Lagergren's management team.

Applicants further represent that the transaction will be transparent to customers. There will be no change in the name or day-to-day management of NSB because the transaction will affect only the corporate structure of the company. Customers will continue to receive service from NSB under the same rates, terms, and conditions after the transaction is approved.

### **Discussion**

Under § 852, no public utility, and no subsidiary, affiliate of, or corporation holding a controlling interest in, a public utility, shall purchase or acquire, take or hold, any part of the capital stock of any other public utility, organized or existing under the laws of this state, without prior Commission authorization. Section 854 further requires Commission authorization before a company may "merge, acquire, or control . . . any public utility organized and doing business in this state . . . ." The purpose of these and related sections is to enable the Commission, before any transfer of a public utility is consummated, to

review the situation and to take such action, as a condition of the transfer, as the public interest may require. (San Jose Water Co. (1916) 10 CRC 56.)

In a situation where a person or company that does not possess a CPCN desires to acquire control of a company that does possess a CPCN, we will apply the same requirements as in the case of an applicant seeking a CPCN to exercise the type of authority held by the company being acquired. Therefore, since Lagergren does not hold a CPCN to provide telecommunications services in California, he must meet the requirements for issuance of a CPCN because he is acquiring indirect control of NSB.

The Commission has established two major criteria for determining whether a CPCN should be granted. An applicant who desires to operate as a resale provider of interexchange service must demonstrate that it has a minimum of \$25,000 in cash or cash equivalent, reasonably liquid and readily available to meet the firm's start-up costs. In addition, the applicant is required to make a reasonable showing of technical expertise in telecommunications or a related business.

The application includes financial documents and other evidence that demonstrates that Lagergren has sufficient resources to meet our financial requirements. Since NSB is expected to continue to operate under the same day-to-day management, we find that our requirement for technical expertise is satisfied, for the purposes of this transaction only.<sup>3</sup> The transaction will improve NSB's access to additional capital and the telecommunications and management

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<sup>3</sup> We made no determination that Lagergren would otherwise meet the technical and managerial requirements for authorization to provide telecommunications services in this state.

experience of Lagergren's management team. In addition, this transaction will be transparent to customers. Therefore, the proposed transaction is in the public interest.<sup>4</sup>

Therefore, we will grant the application pursuant to §§ 852 and 854.

### **Categorization and Need for Hearings**

In Resolution ALJ 176-3175 dated June 30, 2006, the Commission preliminarily categorized this application as ratesetting, and preliminarily determined that hearings were not necessary. No protests have been received. There is no apparent reason why the application should not be granted. Given these developments, a public hearing is not necessary, and it is not necessary to disturb the preliminary determinations.

### **Waiver of Comment Period**

This is an uncontested matter, in which the decision grants the relief requested. Accordingly, pursuant to § 311(g)(2) of the Public Utilities Code and Rule 14.6 (c)(2) of the Commission's Rules of Practice and Procedure, the otherwise applicable 30-day period for public review and comment is being waived.

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<sup>4</sup> We note that NSB has recently filed combined California PUC Telephone Surcharge Transmittal Forms for 2005 and January-June 2006. These reports were not timely filed because according to NSB, NSB contracted with another company to file the reports, and the company did not understand that it was responsible for surcharge transmittal reporting. NSB is reminded that it must file all required reports with the Commission on time as a condition of retaining its CPCN. Future delinquencies in filing reports or failure to comply with legal and regulatory requirements is grounds for revocation of NSB's CPCN and may result in imposition of sanctions against NSB under §§ 2107 and 2108.

### **Assignment of Proceeding**

Rachelle B. Chong is the Assigned Commissioner and Myra J. Prestidge is the assigned Administrative Law Judge in this proceeding.

### **Findings of Fact**

1. NSB is a privately-held Nevada corporation with principal business offices located in Las Vegas, Nevada.

2. Lagergren is an individual whose principal offices are located in Las Vegas, Nevada.

3. In D.05-07-028, we granted NSB a CPCN to provide resold interexchange services in California.

4. As a result of the transaction, Lagergren will acquire a 100% ownership interest in NSB and will therefore have ultimate control of NSB.

5. Lagergren does not hold a CPCN that authorizes him to provide telecommunications services in California.

6. There will be no change in the name or day-to-day management of NSB as a result of the transaction.

7. NSB customers will continue to receive service under the same rates, terms, and conditions after the transaction.

8. Lagergren has sufficient financial resources to meet the Commission's requirements to provide resold interexchange services.

9. This transaction will give NSB access to increased capital and the management and telecommunications experience of Lagergren's management team.

10. Since NSB's day-to-day management will remain the same, Lagergren has met the requirements for technical and managerial expertise to provide telecommunications services, for the purposes of this transaction only.

11. Notice of this application appeared on the Commission's Daily Calendar on June 30, 2006. There were no protests to this application.

12. No hearings are necessary.

### **Conclusions of Law**

1. The Commission will apply the same requirements to a request for approval of an agreement to acquire control of a resale provider of local interexchange telecommunications services within California as it does to an applicant for authority to provide such services.

2. Lagergren meets the Commission's requirements for the issuance of a CPCN to provide resold interexchange telecommunications services, for the purposes of this transaction only.

3. This transaction is in the public interest.

4. In order to avoid delaying this transaction, the approval of the application should be made effective immediately.

## **O R D E R**

### **IT IS ORDERED** that:

1. Pursuant to Public Utilities Code §§ 852 and 854, the application of Network Service Billing, Inc. (U-6965-C) (NSB) and Peter A. Lagergren (Lagergren) for approval of the transfer of ownership of NSB to Lagergren is approved.

2. Application 06-06-019 is closed.

This order is effective today.

Dated October 5, 2006, at San Francisco, California.

MICHAEL R. PEEVEY  
President  
GEOFFREY F. BROWN  
DIAN M. GRUENEICH  
JOHN A. BOHN  
RACHELLE B. CHONG  
Commissioners